

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
**June 30, 2009**

**INVESTMENT ACTIVITY**

**PURCHASES OR DEPOSITS**

|       |  |           |                   |
|-------|--|-----------|-------------------|
| 06/09 | Federal Home Loan Mortgage Corp. (FHLMC) | \$        | 2,000,000         |
| 06/15 | LAIF Deposit/City                        |           | 5,500,000         |
| 06/19 | Federal Farm Credit Bank (FFCB)          |           | 2,000,000         |
| 06/23 | LAIF Deposit/City                        |           | 2,000,000         |
| 06/26 | LAIF Deposit/City                        |           | 1,000,000         |
| 06/30 | Federal Home Loan Bank (FHLB)            |           | 2,000,000         |
|       | <b>Total</b>                             | <b>\$</b> | <b>14,500,000</b> |

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

|       |  |           |                     |
|-------|--|-----------|---------------------|
| 06/01 | LAIF Withdrawal/City                           | \$        | (2,500,000)         |
| 06/04 | LAIF Withdrawal/City                           |           | (4,000,000)         |
| 06/09 | LAIF Withdrawal/City                           |           | (1,000,000)         |
| 06/12 | Federal Home Loan Bank (FHLB) Maturity         |           | (2,000,000)         |
| 06/15 | General Electric Capital Corp. (GECC) Maturity |           | (1,000,000)         |
| 06/15 | General Electric Capital Corp. (GECC) Maturity |           | (2,000,000)         |
| 06/18 | LAIF Withdrawal/City                           |           | (4,000,000)         |
| 06/19 | LAIF Withdrawal/City                           |           | (1,500,000)         |
| 06/24 | LAIF Withdrawal/City                           |           | (1,500,000)         |
| 06/30 | LAIF Withdrawal/City                           |           | (1,000,000)         |
| 06/30 | LAIF Withdrawal/RDA                            |           | (2,000,000)         |
|       | <b>Total</b>                                   | <b>\$</b> | <b>(22,500,000)</b> |

**ACTIVITY TOTAL**

**\$ (8,000,000)**

**INTEREST REVENUE**

**POOLED INVESTMENTS**

|                                  |           |                |
|----------------------------------|-----------|----------------|
| Interest Earned on Investments   | \$        | 398,356        |
| Amortization                     |           | 12,624         |
| SBB&T Sweep Account Interest     |           | 123            |
| SBB&T Trust Account M/M Interest |           | 4              |
| <b>Total</b>                     | <b>\$</b> | <b>411,107</b> |

**RDA INVESTMENTS**

|                                       |           |               |
|---------------------------------------|-----------|---------------|
| Interest Earned on Investments (LAIF) | <b>\$</b> | <b>29,871</b> |
|---------------------------------------|-----------|---------------|

**TOTAL INTEREST EARNED**

**\$ 440,978**

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**June 30, 2009**

**ENDING BALANCE AS OF MAY 31, 2009**

| Description                       | Book<br>Value         | Yield to<br>Maturity<br>(365 days) | Percent<br>of<br>Portfolio | Average<br>Days to<br>Maturity |
|-----------------------------------|-----------------------|------------------------------------|----------------------------|--------------------------------|
| State of California LAIF          | \$ 65,100,000         | 1.530%                             | 36.74%                     | 1                              |
| Certificates of Deposit           | 2,000,000             | 2.500%                             | 1.13%                      | 170                            |
| Federal Agency Issues - Coupon    | 87,022,501            | 3.764%                             | 49.12%                     | 787                            |
| Corporate/Medium Term Notes       | 15,250,809            | 4.910%                             | 8.61%                      | 305                            |
| SB Airport Promissory Note        | 7,800,000             | 6.500%                             | 4.40%                      | 29                             |
| Totals and Averages               | \$ 177,173,310        | 3.148%                             | 100.00%                    | 416                            |
| SBB&T Money Market Account        | 2,007,002             |                                    |                            |                                |
| <b>Total Cash and Investments</b> | <b>\$ 179,180,312</b> |                                    |                            |                                |

**NET CASH AND INVESTMENT ACTIVITY FOR JUNE 2009**                      **\$ (4,835,690)**

**ENDING BALANCE AS OF JUNE 30, 2009**

| Description                       | Book<br>Value         | Yield to<br>Maturity<br>(365 days) | Percent<br>of<br>Portfolio | Average<br>Days to<br>Maturity |
|-----------------------------------|-----------------------|------------------------------------|----------------------------|--------------------------------|
| State of California LAIF          | \$ 56,100,000         | 1.396%                             | 33.18%                     | 1 (1)                          |
| Certificates of Deposit           | 2,000,000             | 2.500%                             | 1.18%                      | 140                            |
| Federal Agency Issues - Coupon    | 90,945,659            | 3.634%                             | 53.78%                     | 812                            |
| Corporate/Medium Term Notes       | 12,253,595            | 4.878%                             | 7.25%                      | 347                            |
| SB Airport Promissory Note        | 7,800,000             | 6.500%                             | 4.61%                      | 13                             |
| Totals and Averages               | \$ 169,099,254        | 3.101%                             | 100.00%                    | 465                            |
| SBB&T Money Market Account        | 5,245,369             |                                    |                            |                                |
| <b>Total Cash and Investments</b> | <b>\$ 174,344,622</b> |                                    |                            |                                |

Note:

(1) The average life of the LAIF portfolio as of June 30, 2009 is 235 days.

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**June 30, 2009**

| DESCRIPTION                           | PURCHASE<br>DATE | MATURITY<br>DATE | QUALITY RATING<br>MOODY'S | S & P | STATED<br>RATE | YIELD AT<br>365 | FACE<br>VALUE | BOOK<br>VALUE | MARKET<br>VALUE | BOOK<br>GAIN/(LOSS) | COMMENTS                      |
|---------------------------------------|------------------|------------------|---------------------------|-------|----------------|-----------------|---------------|---------------|-----------------|---------------------|-------------------------------|
| <b>LOCAL AGENCY INVESTMENT FUNDS</b>  |                  |                  |                           |       |                |                 |               |               |                 |                     |                               |
| LOCAL AGENCY INVESTMENT FUND          | -                | -                | -                         | -     | 1.396          | 1.396           | 32,000,000.00 | 32,000,000.00 | 32,000,000.00   | 0.00                |                               |
| LOCAL AGENCY INV FUND/RDA             | -                | -                | -                         | -     | 1.396          | 1.396           | 24,100,000.00 | 24,100,000.00 | 24,100,000.00   | 0.00                |                               |
| Subtotal, LAIF                        |                  |                  |                           |       |                |                 | 56,100,000.00 | 56,100,000.00 | 56,100,000.00   | 0.00                |                               |
| <b>CERTIFICATES OF DEPOSIT</b>        |                  |                  |                           |       |                |                 |               |               |                 |                     |                               |
| MONTECITO BANK & TRUST                | 11/18/08         | 11/18/09         | -                         | -     | 2.500          | 2.500           | 2,000,000.00  | 2,000,000.00  | 2,000,000.00    | 0.00                |                               |
| Subtotal, Certificates of deposit     |                  |                  |                           |       |                |                 | 2,000,000.00  | 2,000,000.00  | 2,000,000.00    | 0.00                |                               |
| <b>FEDERAL AGENCY ISSUES - COUPON</b> |                  |                  |                           |       |                |                 |               |               |                 |                     |                               |
| FEDERAL FARM CREDIT BANK              | 03/06/09         | 04/24/12         | Aaa                       | AAA   | 2.250          | 2.120           | 2,000,000.00  | 2,007,058.67  | 2,023,750.00    | 16,691.33           |                               |
| FEDERAL FARM CREDIT BANK              | 08/17/06         | 08/17/09         | Aaa                       | AAA   | 5.125          | 5.150           | 2,000,000.00  | 1,999,941.22  | 2,012,500.00    | 12,558.78           |                               |
| FEDERAL FARM CREDIT BANK              | 11/07/06         | 01/18/11         | Aaa                       | AAA   | 5.750          | 5.000           | 2,000,000.00  | 2,020,635.91  | 2,148,440.00    | 127,804.09          |                               |
| FEDERAL FARM CREDIT BANK              | 01/29/07         | 08/25/10         | Aaa                       | AAA   | 4.750          | 5.111           | 2,000,000.00  | 1,992,473.31  | 2,094,070.00    | 101,596.69          |                               |
| FEDERAL FARM CREDIT BANK              | 02/01/08         | 02/01/13         | Aaa                       | AAA   | 3.790          | 3.790           | 2,000,000.00  | 2,000,000.00  | 2,036,570.00    | 36,570.00           | Callable 2/01/10, then cont.  |
| FEDERAL FARM CREDIT BANK              | 03/04/09         | 03/02/12         | Aaa                       | AAA   | 2.370          | 2.370           | 2,000,000.00  | 2,000,000.00  | 2,014,070.00    | 14,070.00           | Callable 3/02/10, then cont.  |
| FEDERAL FARM CREDIT BANK              | 03/04/09         | 01/17/12         | Aaa                       | AAA   | 2.000          | 2.000           | 2,000,000.00  | 2,000,000.00  | 2,017,510.00    | 17,510.00           |                               |
| FEDERAL FARM CREDIT BANK              | 03/05/09         | 03/04/13         | Aaa                       | AAA   | 2.600          | 2.600           | 2,000,000.00  | 2,000,000.00  | 2,024,380.00    | 24,380.00           |                               |
| FEDERAL FARM CREDIT BANK              | 05/08/09         | 04/08/13         | Aaa                       | AAA   | 2.200          | 2.200           | 2,000,000.00  | 2,000,000.00  | 1,992,500.00    | (7,500.00)          |                               |
| FEDERAL FARM CREDIT BANK              | 06/19/09         | 06/18/12         | Aaa                       | AAA   | 2.125          | 2.125           | 2,000,000.00  | 2,000,000.00  | 2,008,130.00    | 8,130.00            |                               |
| FEDERAL HOME LOAN BANK                | 10/25/06         | 02/12/10         | Aaa                       | AAA   | 3.875          | 5.117           | 1,000,000.00  | 993,055.35    | 1,021,405.00    | 28,349.65           |                               |
| FEDERAL HOME LOAN BANK                | 12/18/06         | 11/03/09         | Aaa                       | AAA   | 3.500          | 4.834           | 2,000,000.00  | 1,991,642.71  | 2,021,570.00    | 29,927.29           |                               |
| FEDERAL HOME LOAN BANK                | 05/22/07         | 06/10/11         | Aaa                       | AAA   | 5.250          | 5.005           | 2,000,000.00  | 2,008,485.80  | 2,146,250.00    | 137,764.20          |                               |
| FEDERAL HOME LOAN BANK                | 07/09/07         | 02/15/11         | Aaa                       | AAA   | 4.000          | 5.308           | 2,000,000.00  | 1,961,787.65  | 2,096,880.00    | 135,092.35          |                               |
| FEDERAL HOME LOAN BANK                | 07/09/07         | 03/12/10         | Aaa                       | AAA   | 5.000          | 5.268           | 1,000,000.00  | 998,245.87    | 1,032,035.00    | 33,789.13           |                               |
| FEDERAL HOME LOAN BANK                | 02/26/09         | 02/24/14         | Aaa                       | AAA   | 3.250          | 3.261           | 2,000,000.00  | 1,999,349.16  | 2,003,440.00    | 4,090.84            | Callable 2/24/10, then qtrly  |
| FEDERAL HOME LOAN BANK                | 03/04/09         | 06/08/12         | Aaa                       | AAA   | 4.375          | 2.110           | 1,700,000.00  | 1,808,655.82  | 1,805,714.50    | (2,941.32)          |                               |
| FEDERAL HOME LOAN BANK                | 06/30/09         | 06/30/14         | Aaa                       | AAA   | 2.000          | 2.000           | 2,000,000.00  | 2,000,000.00  | 1,998,440.00    | (1,560.00)          | StrNt, Callable 6/30/11, once |
| FEDERAL HOME LOAN BANK                | 09/14/06         | 09/29/10         | Aaa                       | AAA   | 5.125          | 5.070           | 1,000,000.00  | 1,000,578.86  | 1,053,440.00    | 52,861.14           |                               |
| FEDERAL HOME LOAN BANK                | 04/21/08         | 10/21/11         | Aaa                       | AAA   | 3.125          | 3.125           | 2,000,000.00  | 2,000,000.00  | 2,003,120.00    | 3,120.00            | Callable 7/21/09, once        |
| FEDERAL HOME LOAN BANK                | 05/23/08         | 06/10/11         | Aaa                       | AAA   | 3.125          | 3.520           | 2,000,000.00  | 1,985,510.25  | 2,061,560.00    | 76,049.75           |                               |
| FEDERAL HOME LOAN BANK                | 09/25/08         | 08/18/09         | Aaa                       | AAA   | 3.750          | 3.231           | 2,000,000.00  | 2,001,318.33  | 2,009,380.00    | 8,061.67            |                               |
| FEDERAL HOME LOAN BANK                | 10/18/06         | 09/11/09         | Aaa                       | AAA   | 5.250          | 5.060           | 1,000,000.00  | 1,000,329.53  | 1,009,535.00    | 9,205.47            |                               |
| FEDERAL HOME LOAN BANK                | 11/07/06         | 10/26/09         | Aaa                       | AAA   | 5.000          | 5.000           | 2,345,000.00  | 2,344,994.95  | 2,380,901.95    | 35,907.00           |                               |
| FEDERAL HOME LOAN BANK                | 11/08/06         | 07/30/10         | Aaa                       | AAA   | 5.000          | 5.010           | 2,000,000.00  | 1,999,756.51  | 2,095,630.00    | 95,873.49           |                               |
| FEDERAL HOME LOAN BANK                | 12/18/06         | 06/22/10         | Aaa                       | AAA   | 4.500          | 4.825           | 2,000,000.00  | 1,994,229.60  | 2,078,130.00    | 83,900.40           |                               |
| FEDERAL HOME LOAN BANK                | 06/18/07         | 03/12/10         | Aaa                       | AAA   | 4.875          | 5.382           | 2,000,000.00  | 1,993,469.92  | 2,062,190.00    | 68,720.08           |                               |
| FEDERAL HOME LOAN BANK                | 06/16/08         | 12/10/10         | Aaa                       | AAA   | 3.250          | 3.800           | 2,000,000.00  | 1,984,952.48  | 2,067,500.00    | 82,547.52           |                               |

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**June 30, 2009**

| DESCRIPTION                           | PURCHASE<br>DATE | MATURITY<br>DATE | QUALITY RATING<br>MOODY'S | S & P | STATED<br>RATE | YIELD AT<br>365 | FACE<br>VALUE  | BOOK<br>VALUE  | MARKET<br>VALUE | BOOK<br>GAIN/(LOSS) | COMMENTS                      |
|---------------------------------------|------------------|------------------|---------------------------|-------|----------------|-----------------|----------------|----------------|-----------------|---------------------|-------------------------------|
| FEDERAL HOME LOAN BANK                | 09/25/08         | 09/25/09         | Aaa                       | AAA   | 3.250          | 3.250           | 2,000,000.00   | 2,000,000.00   | 2,014,070.00    | 14,070.00           |                               |
| FEDERAL HOME LOAN BANK                | 10/15/08         | 07/15/11         | Aaa                       | AAA   | 4.000          | 4.002           | 2,000,000.00   | 2,000,000.00   | 2,001,880.00    | 1,880.00            | Callable 7/15/09, once        |
| FEDERAL HOME LOAN MTG CORP            | 04/08/09         | 04/08/13         | Aaa                       | AAA   | 2.500          | 2.526           | 2,000,000.00   | 1,998,230.56   | 1,994,740.00    | (3,490.56)          | Callable 4/08/11, once        |
| FEDERAL HOME LOAN MTG CORP            | 05/19/09         | 11/19/12         | Aaa                       | AAA   | 2.170          | 2.170           | 2,000,000.00   | 2,000,000.00   | 1,995,780.00    | (4,220.00)          | Callable 5/19/11, once        |
| FEDERAL HOME LOAN MTG CORP            | 03/24/09         | 03/24/14         | Aaa                       | AAA   | 3.500          | 3.500           | 2,000,000.00   | 2,000,000.00   | 1,999,980.00    | (20.00)             | Callable quarterly            |
| FEDERAL HOME LOAN MTG CORP            | 05/13/09         | 05/13/13         | Aaa                       | AAA   | 2.400          | 2.400           | 2,000,000.00   | 2,000,000.00   | 1,997,160.00    | (2,840.00)          | Callable 5/13/11, once        |
| FEDERAL HOME LOAN MTG CORP            | 09/14/06         | 09/01/09         | Aaa                       | AAA   | 4.125          | 5.070           | 1,000,000.00   | 998,553.14     | 1,006,130.00    | 7,576.86            |                               |
| FEDERAL HOME LOAN MTG CORP            | 05/29/07         | 07/06/10         | Aaa                       | AAA   | 4.500          | 5.070           | 2,000,000.00   | 1,989,393.11   | 2,077,840.00    | 88,446.89           |                               |
| FEDERAL HOME LOAN MTG CORP            | 10/15/07         | 10/15/12         | Aaa                       | AAA   | 5.050          | 5.050           | 2,000,000.00   | 2,000,000.00   | 2,025,740.00    | 25,740.00           | Callable 10/15/09, once       |
| FEDERAL HOME LOAN MTG CORP            | 06/09/09         | 08/17/12         | Aaa                       | AAA   | 1.000          | 2.420           | 2,000,000.00   | 1,914,981.11   | 1,934,680.00    | 19,698.89           |                               |
| FEDERAL HOME LOAN MTG CORP            | 01/29/07         | 01/25/10         | Aaa                       | AAA   | 4.375          | 5.122           | 2,000,000.00   | 1,992,241.93   | 2,043,840.00    | 51,598.07           |                               |
| FEDERAL HOME LOAN MTG CORP            | 05/22/07         | 09/17/10         | Aaa                       | AAA   | 3.880          | 5.015           | 2,000,000.00   | 1,974,919.97   | 2,075,120.00    | 100,200.03          |                               |
| FEDERAL HOME LOAN MTG CORP            | 04/29/09         | 10/29/12         | Aaa                       | AAA   | 2.250          | 2.250           | 2,000,000.00   | 2,000,000.00   | 2,007,100.00    | 7,100.00            | Callable 10/29/10, once       |
| FEDERAL NATL MORTGAGE ASSN            | 03/18/09         | 09/18/12         | Aaa                       | AAA   | 2.500          | 2.500           | 2,000,000.00   | 2,000,000.00   | 2,010,630.00    | 10,630.00           | Callable 3/18/11, once        |
| FEDERAL NATL MORTGAGE ASSN            | 03/23/09         | 03/23/12         | Aaa                       | AAA   | 2.000          | 2.000           | 2,000,000.00   | 2,000,000.00   | 2,011,250.00    | 11,250.00           | StrNt, Callable 9/23/10, once |
| FEDERAL NATL MORTGAGE ASSN            | 05/04/09         | 05/04/12         | Aaa                       | AAA   | 2.150          | 2.185           | 2,000,000.00   | 1,998,316.67   | 2,000,630.00    | 2,313.33            | Callable 5/04/10, once        |
| FEDERAL NATL MORTGAGE ASSN            | 04/27/06         | 04/20/10         | Aaa                       | AAA   | 4.750          | 5.270           | 2,000,000.00   | 1,992,550.13   | 2,066,570.00    | 74,019.87           |                               |
| FEDERAL NATL MORTGAGE ASSN            | 02/27/09         | 02/24/12         | Aaa                       | AAA   | 2.250          | 2.250           | 2,000,000.00   | 2,000,000.00   | 2,018,440.00    | 18,440.00           | Callable 2/24/11, once        |
| FEDERAL NATL MORTGAGE ASSN            | 05/20/09         | 11/20/12         | Aaa                       | AAA   | 2.250          | 2.250           | 2,000,000.00   | 2,000,000.00   | 1,992,500.00    | (7,500.00)          | Callable 5/20/10, once        |
| FEDERAL NATL MORTGAGE ASSN            | 03/05/08         | 03/05/13         | Aaa                       | AAA   | 4.100          | 4.100           | 2,000,000.00   | 2,000,000.00   | 2,048,440.00    | 48,440.00           | Callable 3/05/10, once        |
| <b>Subtotal, Federal Agencies</b>     |                  |                  |                           |       |                |                 | 91,045,000.00  | 90,945,658.52  | 92,641,561.45   | 1,695,902.93        |                               |
| <b>CORPORATE/MEDIUM TERM NOTES</b>    |                  |                  |                           |       |                |                 |                |                |                 |                     |                               |
| BERKSHIRE HATHAWAY FIN                | 01/15/08         | 01/15/10         | Aa2                       | AAA   | 4.125          | 3.630           | 2,250,000.00   | 2,255,735.12   | 2,290,320.00    | 34,584.88           |                               |
| GENERAL ELECTRIC CAPITAL CORP         | 01/10/07         | 02/22/11         | Aa2                       | AA+   | 6.125          | 5.100           | 2,000,000.00   | 2,029,956.76   | 2,096,220.00    | 66,263.24           |                               |
| GENERAL ELECTRIC CAPITAL CORP         | 08/15/06         | 09/15/09         | Aa2                       | AA+   | 4.625          | 5.300           | 2,000,000.00   | 1,997,465.33   | 2,012,840.00    | 15,374.67           |                               |
| TOYOTA MOTOR CREDIT                   | 10/19/06         | 03/15/10         | Aa1                       | AA    | 4.250          | 5.140           | 2,000,000.00   | 1,988,592.79   | 2,037,280.00    | 48,687.21           |                               |
| WELLS FARGO & CO.                     | 05/30/07         | 01/12/11         | A1                        | AA-   | 4.875          | 5.260           | 2,000,000.00   | 1,989,343.95   | 2,059,140.00    | 69,796.05           |                               |
| WELLS FARGO & CO.                     | 10/10/06         | 08/09/10         | A1                        | AA-   | 4.625          | 5.000           | 2,000,000.00   | 1,992,501.43   | 2,051,100.00    | 58,598.57           |                               |
| <b>Subtotal, Corporate Securities</b> |                  |                  |                           |       |                |                 | 12,250,000.00  | 12,253,595.38  | 12,546,900.00   | 293,304.62          |                               |
| <b>SB AIRPORT PROMISSORY NOTE</b>     |                  |                  |                           |       |                |                 |                |                |                 |                     |                               |
| SANTA BARBARA AIRPORT                 | 07/01/08         | 07/14/09         | -                         | -     | 6.500          | 6.500           | 7,800,000.00   | 7,800,000.00   | 7,800,000.00    | 0.00                |                               |
| <b>Subtotal, SBA Note</b>             |                  |                  |                           |       |                |                 | 7,800,000.00   | 7,800,000.00   | 7,800,000.00    | 0.00                |                               |
| <b>TOTALS</b>                         |                  |                  |                           |       |                |                 | 169,195,000.00 | 169,099,253.90 | 171,088,461.45  | 1,989,207.55        |                               |

Market values have been obtained from the City's safekeeping agent, Santa Barbara Bank and Trust (SBB&T). SBB&T uses Interactive Data Pricing Service, Bloomberg and DTC.

# INVESTMENT YIELDS

